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Current Handling: n/a
Document Number: 2002BOGOTA07672

Channel: n/a

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PTQ3508

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ACTION EB-00

RELEASED IN FULL

INFO	LOG-00	NP-00	AID-00	CEA-01	CIAE-00	COME-00	CTME-00
	DINT-00	DODE-00	ITCE-00	DOTE-00	WHA-00	SRPP-00	EXME-00
	E-00	FAAE-00	UTED-00	VC-00	FRB-00	H-01	TEDE-00
	INR-00	ITC-01	L-00	VCE-00	AC-01	NSAE-00	NSCE-00
	OES-01	OMB-01	OPIC-01	PM-00	PRS-00	ACE-00	SP-00
	SSO-00	SS-00	STR-00	TEST-00	TRSE-00	USIE-00	FMP-00
	EPAE-00	PMB-00	DRL-02	G-00	NFAT-00	SAS-00	/009W

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R 261511Z AUG 02
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC 0671
INFO AMEMBASSY CARACAS
AMEMBASSY QUITO
AMEMBASSY LIMA
AMEMBASSY PANAMA
AMEMBASSY BRASILIA
DOE HQS FORRESTAL BLDG WASHINGTON DC

UNCLAS BOGOTA 007672

E.O. 12958: N/A
TAGS: EPET, ECON, ENRG, EFIN, CO

SUBJECT: HIGHER THAN PLANNED OIL PRICES COULD HELP COLOMBIAN
BUDGET

REF: BOGOTA 7397

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1. (U) HIGHER OIL PRICES DUE TO VOLATILITY IN THE MIDDLE
EAST COULD SIGNIFICANTLY HELP THE COLOMBIAN BUDGET THIS
YEAR. BUDGET FORECASTS FOR THIS YEAR PREDICTED USD 20 PER
BARREL FOR 2002. SO FAR THE AVERAGE PRICE THIS YEAR HAS
BEEN USD 24, AND PRICES RECENTLY REACHED USD 30 PER BARREL.
EACH ADDITIONAL DOLLAR PER BARREL PER YEAR MEANS AN EXTRA
USD 100 MILLION PER YEAR.

2. (U) ECOPETROL WILL TRANSFER BETWEEN USD 270 MILLION AND
USD 400 MILLION TO THE COLOMBIAN GOVERNMENT THIS YEAR FROM
OIL EARNINGS. THE GOC HAS PROPOSED ENDING FUEL SUBSIDIES

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UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: WILLIAM E LANDFAIR
DATE/CASE ID: 14 JAN 2004 200203418

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(REFTEL), SO CONSUMER FUEL PRICES MAY INCREASE WITH INCREASED CRUDE PRICES. PETROLEUM ASSOCIATION PRESIDENT ALEJANDRO MARTINEZ SAID THAT THE INCREASED EARNINGS WILL MORE THAN OFFSET ANY DAMAGE DONE TO THE ECONOMY BY INCREASED FUEL PRICES. TO DATE, THE GOC HAS NOT ANNOUNCED PLANS TO SPEND THE MONEY, BUT AS THE NEW ADMINISTRATION PREPARES TO INCREASE SPENDING ON THE ARMED FORCES, THE EXTRA MONEY WILL BE A WELCOME ADDITION TO GOC COFFERS.

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